



Fund

Fund Council

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WORKING DOCUMENT

*CGIAR Trustee Estimated Budget for CY2014
and Proposed Budget for CY2015*

Submitted by:
CGIAR Fund Trustee

CGIAR Trustee Estimated Budget for CY2014 and Proposed Budget for CY2015

Executive Summary

The World Bank serves as Trustee of the CGIAR Fund, which was established as a Financial Intermediary Fund (FIF) in December 2010. The Trustee receives funds from donors, manages these resources, commits funds based on Fund Council approvals, and subsequently transfers cash to the recipients (i.e., CGIAR Centers, Consortium, Fund Office, etc.) based on instructions and following agreed procedures. The Trustee has fiduciary responsibility for funds contributed to the CGIAR Fund until their transfer.

The key results achieved by the Trustee during the current calendar year include (i) supporting the Fund Office as needed; (ii) supporting 36 donors to channel funds to the new CGIAR Fund; (iii) managing Fund assets; (iv) transferring funds to recipients; and (v) preparing and providing financial reports.

The proposed Trustee budget for CY15 is USD 617,000, a 2.8% increase over the approved budget for CY14. The following is a breakdown of the CY15 budget, by component:

- Financial and program management represents 75% of the total budget in 2015;
- Investment Management represents 7% of the total budget in 2015;
- Accounting and Reporting represents 9% of the total budget;
- Legal Services represent 2% of the total budget; and
- External Audit represents 7% of the total budget, to be paid to the World Bank's external auditor.

Introduction

1. For CY15, the Trustee's total projected costs for the CGIAR Fund are USD 617,000, a slight increase of USD 17,000 over the approved CY14 budget of USD 600,000.

CY14 Approved Budget and Estimated Outcomes

2. Table 1 below shows the CY14 budget as approved by the Fund Council for Trustee services, compared with the current estimated costs. It includes actual costs for the period January 1 to September 30, 2014 plus estimated costs for the period October 1 to December 31, 2014.

Trustee Estimated costs January 1, 2014 to December 31, 2014 /a (USD)			
Trustee Services	Billed for 2014	Estimated for 2014/a	Difference
Financial and Program Management	\$ 435,000	\$ 456,600	\$ 21,600
Investment Management	\$ 41,000	\$ 34,600	\$ (6,400)
Accounting and Reporting & Audit Coordination	\$ 50,000	\$ 52,200	\$ 2,200
Legal Services	\$ 31,000	\$ 12,000	\$ (19,000)
External Audit	\$ 43,000	\$ 44,600	\$ 1,600
Total	\$ 600,000	\$ 600,000	\$ -

/a Jan-Sep actuals plus projections for Oct-Dec 2014

3. Currently, the Trustee expects that total costs for services provided in CY14 will amount to approximately USD 600,000, in line with the budget approved. At the end of the calendar year, actual costs will be calculated against all categories of Trustee services. Under the World Bank's full cost recovery policy, under-runs on the Trustee budget will be returned to the CGIAR Fund, while over-runs will be charged to the CGIAR Fund.

4. The following describes the Trustee services provided during CY14:

- i. *Financial and program management (over-run of USD 21,600):* The volume of financial transactions, including maintaining receipts of donor contributions, recording allocations and commitments, and making cash transfers to Research Centers was slightly higher in 2014 than in 2013. A moderate inflow of donor contribution agreements and an increased number of cash transfer requests required more time for drafting, clearing, processing and reporting. Costs also included travel to attend Fund Council meetings;

- ii. *Legal services (under-run of \$19,000)*: These costs included staff time required to finalize Contribution Arrangements with donors. They also include staff time to provide policy advice and legal review of financial and operational documents and to amend the existing legal documents as required. A moderate inflow of donor contribution agreements and payments required less time for drafting and clearing;
- iii. *Investment management (under-run of USD 6,400)*: The average portfolio size for the CGIAR Fund for CY14 was USD 99 million versus USD 117 million estimated. Therefore, the investment management fee, charged at 3.5 basis points on the average size of the portfolio, was lower;
- iv. *Accounting, reporting and audit coordination (over-run of USD2,200)*: These costs include management of the accounting model for the CGIAR Fund, maintenance of appropriate records and accounts to identify contributions and other receipts as well as liabilities, preparation of Financial Statements, and arrangement of external audits;
- v. *External audit fee (over-run of USD 1,600)*: The financial statements for the CGIAR Fund are subject to an annual audit performed by our external auditor, KPMG. This amount represents the actual invoice received and paid to KPMG in CY2014. The over-run is due to KPMG's out of pocket costs.

CY15 Proposed Trustee Budget

5. Table 2 below shows the projected costs for services to be provided by the Trustee from January 1, 2015 to December 31, 2015.

<p style="text-align: center;">Proposed Trustee Budget January 1, 2015 to December 31, 2015 (USD)</p>	
Trustee Services	Billed for 2015
Financial and Program Management	\$ 460,000
Investment Management	\$ 42,000
Accounting, Reporting & Audit Coordination	\$ 55,000
Legal Services	\$ 15,000
External Audit	\$ 45,000
Total	\$ 617,000

6. The proposed Trustee budget for CY2015 is USD 617,000 and reflects the following components:

- i. *Financial and program management (USD 460,000)*: Costs are based on staff time required for management of financial transactions, including maintaining receipts of donor contributions, recording allocations and commitments, and making cash transfers to CGIAR Centers, as well as cash flows projections and management, funding scenarios analysis and fund replenishment support. We foresee that the number of transactions and the time spent on financial analysis for CGIAR Fund will slightly increase in CY15. This estimate also covers travel costs of Trustee staff to attend the regular Fund Council and Funders Forum meetings and staff time associated with implementation of the financial reporting of the CGIAR Fund, donor relationship, coordination with the Fund Office, Consortium and Funders Forum to develop operational policies relating to financial transactions, and maintenance of systems for reporting and transactional processes and procedures for the CGIAR Fund;
- ii. *Investment management (USD 42,000)*: Investment management fees are calculated as a flat fee of 3.5 basis points (i.e. 0.035%) on the average annual balance of the undisbursed cash in the CGIAR Fund; the projected average portfolio size for the CGIAR Fund for CY15 is USD 120 million. In the event that disbursements take place more rapidly, the average balance would be lower, and investment management fees would reduce accordingly;
- iii. *Accounting, reporting and audit coordination (USD 55,000)*: Costs are based on the management of the accounting model for the CGIAR Fund, maintenance of appropriate records and accounts to identify contributions and other receipts as well as liabilities, preparation of Financial Statements, and arrangement of external audits;
- iv. *Legal services (USD 15,000)*: These costs include staff time required to finalize Contribution Arrangements with the donors. The estimate also covers staff time to provide policy advice and legal review of financial and operational documents and to amend the existing legal documents as required.
- v. *External audit fee (USD 45,000)*: The financial statements for the CGIAR Fund are subject to an annual audit performed by our external auditor, KPMG. This amount represents an estimate of the invoice to be received from KPMG and is roughly at the same level as the actual invoice for CY14.